



EMPLOYERS' GUIDE:

Promoting the Earned Income Tax Credit

EITC Toolkit

Employers Supporting Working Families

Help Employees Keep the Money They Earn

Some of your employees may be eligible to receive the Earned Income Tax Credit (EITC). It's a tax credit for eligible working families that provides tax refunds of up to \$4,000.

Educating your employees about the EITC enables you to:

- Build trust with employees by making them aware of this valuable tax credit.
- Give your employees the ability to supplement their incomes in tough economic times.
- Take ownership of the EITC program within your own business, using it in a way that's good for your company.

Talk about the EITC in staff meetings, post educational materials in the workplace, and make yourself available for employee questions. The information in this handy reference and in the EITC Toolkit will help you educate your employees about the EITC and show them how to keep more of what they earn.

Knowing About the EITC is Good for Everyone!

Eligibility Requirements



Who is Eligible for the Earned Income Tax Credit?

Employees who meet the following criteria are eligible to receive the EITC:

- Annual income is less than the following:
 - \$11,230 (or \$12,230 if married and filing jointly) with no children
 - \$29,666 (or \$30,666 if married and filing jointly) with one child
 - \$33,692 (or \$34,692 if married and filing jointly) with two or more children
- Investment income is less than \$2,600
- If married, couples must file jointly
- Must have a valid Social Security number
- All qualifying children must have a valid Social Security number
- Cannot be a qualifying child of another person for EITC
- Cannot file Form 2555 (Foreign Income Exclusion)
- Must be a U.S. citizen or resident alien

Help Eligible Employees Benefit from the EITC

Talking to
Employees



How to Talk to Your Employees About the EITC

Be prepared to answer these commonly asked questions:

What is the EITC?

It's a tax credit for eligible working families that provides tax refunds of up to \$4,000. If you're eligible, you should apply for it when you file your federal taxes. Free electronic tax preparation assistance is available at Volunteer Income Tax Assistance (VITA) centers.

What is the Advance EITC (AEITC)?

The AEITC lets employees receive a portion of their Earned Income Tax Credit as a supplement to their paychecks throughout the year, and the remainder of their refund when they file federal taxes. To qualify for the AEITC, employees must fill out a W-5 form (available online at www.irs.gov) and must reapply each calendar year.

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Talking to Employees

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How to Talk to Your Employees About the EITC

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Be prepared to answer these commonly asked questions:

How can I take advantage of VITA centers?

Volunteer Income Tax Assistance (VITA) centers begin opening in February. Find out where VITA centers are located in your area by calling the IRS at (800) 829-1040. VITA centers provide your employees with free tax preparation assistance, as well as information about state-level EITC programs that may be available.

What should I know about EITC certification?

The majority of filers do not need to be certified. Those who do can receive assistance at VITA centers. To be certified, filers must fill out an additional form (IRS Form 8836: Qualifying Children Residency Statement) and provide proof that the claimed child has lived with the EITC filer for six months or more during the tax year.

Enrolling
Employees
for Advance
EITC

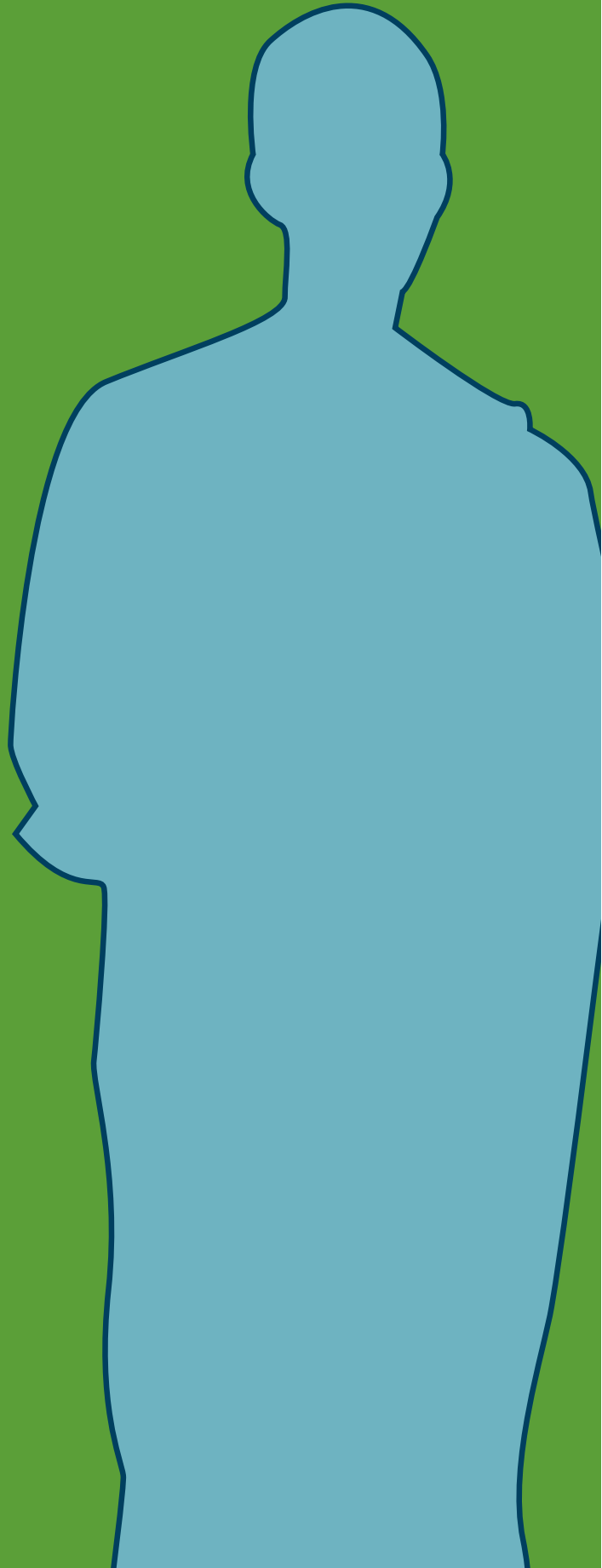


It's Easy to Enroll Employees for Advance EITC

Just follow these five steps:

1. Make employees aware of the Advance EITC. Mention it at staff meetings, post educational materials in the workplace, and include W-5 forms in hiring and benefits packages for employee orientation.
2. After eligible employees have completed and signed the W-5 form, have them return it to you.
3. Employers include Advance EITC payments in employee paychecks. The amount varies, based on a percentage of the employee's salary.
4. Most employment tax software programs automatically include Advance EITC payments for eligible employees. If Advance EITC is not included, employers can find the amount to be paid in IRS Publication 15, available at www.irs.gov.
5. Employees must re-apply for the Advance EITC in **every calendar year that they wish to receive it**. The 2004 W-5 form can be downloaded from www.irs.gov beginning January 1, 2004.

Avoiding
Quick
Refunds



Help Employees Receive Their Entire Refund

When your employees pay a tax-preparation company to get their refunds instantly, they end up paying for high-interest, short-term loans (up to 300% when annualized) with finance charges and preparation fees.

By visiting a Volunteer Income Tax Assistance (VITA) center and waiting just a few days longer for their returns, your employees will pay no charges whatsoever for tax preparation and receive the full amount of their refund.

Call (800) 829-1040 to find the location of a VITA center in your area and talk to your employees about going there.

VITA Centers Provide Free Tax Preparation Assistance!

Corporate Best Practices



How Other Companies Helped Employees Get the EITC

The following case studies demonstrate how some other companies helped their employees receive the EITC and Advance EITC.

Develop a Program that Works for Your Business.

CVS

CVS partners with community non-profit and faith-based centers to offer life-skills training, fully incorporating the Advance EITC into the financial planning component of the program. It has been so successful that more CVS employees file for the Advance EITC than file for the standard EITC.

Marriot International, Inc.

Marriot International, Inc. uses a toll-free line, the company intranet and newsletters to make its employees aware of the benefits of filing for the EITC. Marriott also began a program offering free tax advice onsite in their hotels and encouraging other employees to volunteer to help.

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Corporate Best Practices

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How Other Companies Helped Employees Get the EITC

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The following case studies demonstrate how some other companies helped their employees receive the EITC and Advance EITC.

Develop a Program that Works for Your Business.

TJX

TJX, Inc.'s national outreach—which included printed collateral and store meetings—reached employees at each of TJX's 1,300 retail stores. The company also posted locations of VITA centers within 10 miles of each store, and included W-5 forms in all new employee hiring packages. TJX saw a dramatic increase in the number of associates receiving Advance EITC payments.

EITC Calendar



EITC Dates to Remember

December/January – Include EITC education materials in paychecks and when distributing W-2 forms. Begin educating employees about the EITC through staff meetings and posted materials.

February – The peak number of EITC claims are filed this month, and Volunteer Income Tax Assistance (VITA) centers begin opening. Continue educating employees about the EITC with staff meetings and posted materials, making sure they know the definition of the EITC, eligibility requirements, and the benefits and locations of VITA centers.

March – Make your final informative push before tax deadlines! Promote EITC, advertise VITA center locations, and sign up new Advance EITC filers.

Ongoing – Include information about EITC in all new employee orientation packets. Employees must reapply for Advance EITC each calendar year. You can distribute W-5 forms to interested employees and remain available for employee questions year-round.

Educate Employees Throughout the Year!



CORPORATE VOICES
for **WORKING FAMILIES**

Speaking Out for Working Families

The EITC Toolkit is brought to you by Corporate Voices for Working Families, a non-profit coalition of companies committed to issues affecting working families.

Corporate Voices for Working Families is a non-partisan, non-profit corporate membership organization created to bring the private sector voice into the public dialogue on issues affecting working families. Contact us to become a member or to learn more about challenges facing today's working families.

For more information, visit
www.cvworkingfamilies.org

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